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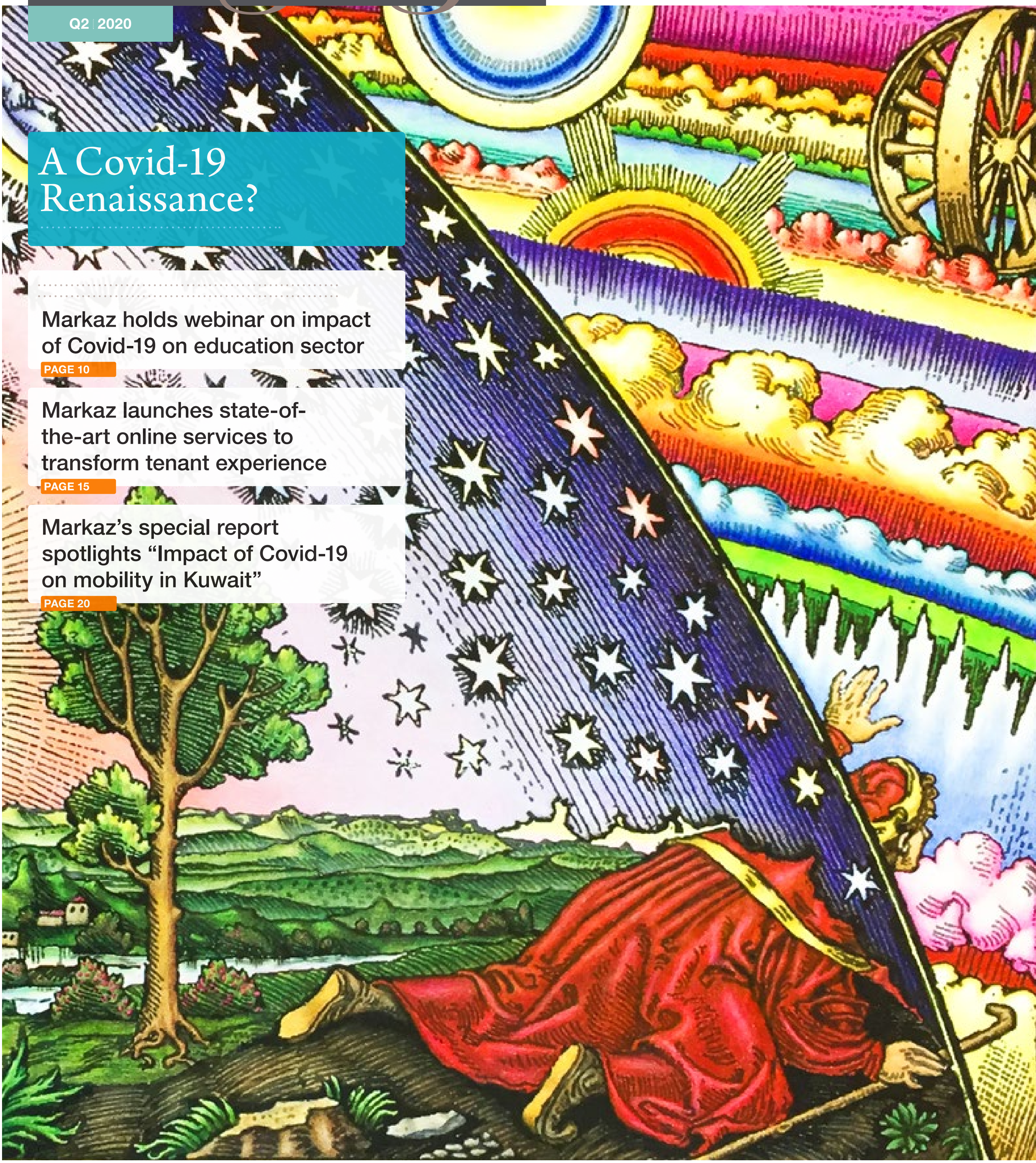
45 years

Q2 | 2020



A Covid-19 Renaissance?

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Issue 15, Q2 2020

IN THIS ISSUE

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Cover: A modern colorized version of the Flammarion engraving completed with colored pencil. © 23 October 2017, Houston Physicist.

MARKAZ NEWS

Markaz Chairman participates in online discussion with British Ambassador to Kuwait

Mr. Diraar Yusuf Alghanim, Board Member of Kuwait Chamber of Commerce & Industry (KCCI) and Chairman of Kuwait Financial Centre "Markaz", participated in an online discussion with H.E Mr. Michael Davenport MBE, the British Ambassador to Kuwait, and the members of The Ambassadors Club for British Business on Thursday, 4 June, 2020.

The discussion explored various perspectives on business continuity and resilience through and post the Covid-19 pandemic in Kuwait, the challenges that the world is facing, as well as Kuwait's actions to protect its citizens and residents and contain the outbreak. The insightful session also highlighted the dialogue KCCI has initiated with the government to formulate a sound economic package capable of mitigating the consequences of Covid-19 on the economy, through helping companies to stay afloat, preserve employment and accelerate technology transformation among other areas.

Mr. Alghanim's speech

Kuwait Chamber of Commerce & Industry hopes joint efforts with government will help mitigate impacts of Covid-19 on Kuwait's economy. Mr. Diraar Yusuf Alghanim, Board Member of KCCI, offers his perspective on business continuity and resilience through and post pandemic during his address at The Ambassadors Club for British Business on 4 June, 2020. Her Majesty's Ambassador H.E Mr. Michael Davenport MBE,

Ladies and Gentlemen,

I am delighted to join you today at the request of the Kuwait Chamber of Commerce & Industry (KCCI) to discuss and share with your distinguished members the perspectives on business continuity and resilience through and post the Covid-19 pandemic in the State of Kuwait.

The economic momentum of 2019 has been practically wiped out in early 2020 with the outbreak of the Covid-19 pandemic, one of the biggest challenges the world is facing in recent history. It is for the first time in memory we see a simultaneous impact on both demand and supply. While demand, for the most part, is destroyed, the supply chain disruption may take months, if not years, to come back. The demand destruction includes demand for oil and this has a direct consequence for Kuwait and the region in terms of low oil price and lower production, a double whammy.

The State of Kuwait has taken various early initiatives to protect its citizens and residents and contain the outbreak primarily through a nationwide curfew, broad testing, and quarantining.

The country can boast of a strong economy historically due to its reserve cushion and relatively low break-even oil price. However, the Covid-19 threat will result in a negative growth in real GDP estimated at about 6% as of now for the year 2020 according to Fitch Ratings[1]. In addition, the fiscal deficit will balloon to about 10 to 12% of GDP according to the International Monetary Fund (IMF)[2], leading to depletion of reserves, if international borrowing program is still hampered by the non-passage of debt law by the Kuwaiti parliament. International borrowing still appears to be the most viable given the near-zero interest rate environment along with exceptional sovereign credit rating of the State of Kuwait. In the absence of that, we must explore domestic borrowings as a credible option.

Private sector job creation is a key goal even before the pandemic, enabling meaningful diversification of the economy away from oil

From a business perspective, a key Covid-19 challenge is to ensure business continuity at an operational level. Many businesses are facing supply chain disruptions, operational challenges and demand shifts that will pose a direct challenge to their business continuity. Mobility is a key aspect of our lives and business. A lack of mobility stumbles the business cycle and chokes supply chains. Many organizations responded to the lack of mobility by encouraging their employees to work from home.

An extended period of lockdown will put severe pressure on corporate profitability and liquidity. The sectors that are and will be most impacted include travel, hospitality, ⊕ PG 4

MARKAZ NEWS

CONTINUED FROM PG 3

Markaz chairman participates in online discussion with British ambassador to Kuwait

stimulus package for Kuwait stands at approximately 13% of which fiscal stimulus is just at 1.2% of GDP.

From the start of the pandemic, as an initiative of the KCCI, the government formed a working committee comprising of three government ministers and three members of the KCCI Board. The committee held many consultations with key stakeholders and experts, and as a result, the government formed a working group headed by the Governor of the Central Bank to formulate the fiscal and financial support package to counter the effects of Covid-19. The committee has presented its recommendations, but unfortunately, we are yet to see any concrete action from the government.

Last but not the least, on 19 June 2019, as a member of the Kuwait British Friendship Society, I had the honor of attending the 120th Anniversary of the 1899 Anglo-Kuwaiti Agreement in London (preceded by a similar ceremony in Kuwait in January 2019), that was amicably ended with the Independence of Kuwait in 1961. It was marked by a grand ceremony at Mansion House in London attended by dignitaries from both countries including the British members of our society recognizing the ongoing close relationship that exists between our two peoples and committing to continued cooperation on trade and world affairs.

In closing, I would like to thank you for your attention and as the saying goes "Keep your distance and stay safe!"

leisure, retail, entertainment, airlines, education, energy, and real estate. The stress experienced by these sectors may not entirely subside once lockdown is lifted given the anticipated change in consumer behavior and spending in a post-Covid-19 world.

The total monetary stimulus package for Kuwait stands at approximately 13% of GDP of which fiscal stimulus is just 1.2%

Kuwait enjoys one of the strongest banking sectors in the region with a high credit rating and that performs a critical intermediation function. Even this strong sector will be tested in the coming months and years, as banks commit to delaying the repayment of loan installments and face the prospect of increasing non-performing assets, which is expected to increase from the current value of 1.8%[3]. The real estate sector faces tenant demand for rent waivers while the SME sector, where we can find significant self-employment for Kuwaitis, will be the first casualty from a business continuity viewpoint.

The threat to business continuity will result in job losses, both direct and indirect. Private sector job creation is a key goal even before the pandemic in order to achieve meaningful and sustainable diversification of Kuwait economy away from oil. Kuwait is home to a young demographic with a significant number of Kuwaitis entering the job market every year. The old model of absorbing many of them in the public sector was not viable even before Covid-19 and post-health crisis efforts should be made to create credible jobs in the private sector swiftly. The pandemic should engage our attention on ensuring companies stay afloat and preserve jobs by providing adequate liquidity and absorbing operational costs for a certain period to enable companies to survive. While doing this, it is critical to reassess financial and operational risks by stress-testing them.

It should be noted that the crisis has accelerated the digitization of our economy, and become the centerpiece of corporate response. Kuwait is well placed to adopt the digital journey due to its young population, who have proven to be highly entrepreneurial. The government's SME Fund as well as other private funds have made it possible for these entrepreneurs to access capital, and start their businesses in e-commerce, delivery, logistics, online education, and financial technology, among others. However, the sustainability of their ventures will require timely support. I believe that the digitization of the various sectors will reshape many industries in Kuwait much faster than we expected because of Covid-19. The transition from non-digital to digital will however involve significant re-skilling of employees, and this should be incorporated in the disaster recovery plan.

The twin challenges of ensuring business continuity and preserving jobs will require a well-thought-out disaster recovery program that not only focusses on health challenges, but is also keen on business support for the private sector by the government. Globally, the government response has been a combination of monetary and fiscal policies. The U.S. stimulus package now stands at 44% of GDP of which fiscal stimulus is placed at 15% of GDP. For the U.K. the total stimulus package is at 14% of which fiscal stimulus is at 5% of GDP. However, GCC in general, and Kuwait in particular, has remained behind the curve so far and has been making more of monetary support than fiscal support. For example, the total

1 Oil, Coronavirus Impact on GCC Sovereigns, May 2020

2 IMF Regional Economic Outlook Middle East & Central Asia, April 2020

3 IMF: Kuwait Article IV Report

Alhajeri participates in live talk with 'Hewar' titled "Covid-19 Crisis: From Health to Economic"

Alhajeri: Kuwait economy lazing between strong financial model and weak economic one urges the need to transform the discourse from rentier to productive.

Mr. Manaf Alhajeri, "Markaz" CEO participated in a webinar organized by the digital platform 'Hewar', entitled "Covid-19 Crisis: From Health to Economic"; which provided an overview of the Kuwaiti economic crisis and the negative ramifications resulting from the spread of Covid-19, in addition to the key challenges, opportunities and solutions to face this crisis.

The platform also hosted Dr. Barak Al-Gharabally, a professor of Budget and Public Finance Management at the College of Business Administration, along with participation from economic expert, Abdulaziz Al-Hudayb, and Parliament Member, Osama Al-Shaheen, where all participants unanimously agreed on the importance of identifying efficient solutions to address the ongoing Kuwaiti economic crisis, which has been intensified with the recent pandemic related crisis. The participants highlighted that the solutions put in place by the Kuwaiti government to combat the virus are only temporary, and called for real reform movement that will support the nation's recovery from the economic crisis.

Increasing jobs in the government sector, regardless of the sector's productivity, creates a rentier discourse based on profusion rather than quality

Economic challenges posed by Covid-19

Alhajeri stated that the economic crises began to escalate at the end of the nineties, and was confined to the stock market, moving on to the financial market. It then further expanded to create the mortgage crisis, and ultimately shifted to the health crisis witnessed today due to the Covid-19 pandemic that has reflected its ramifications on the economy.

Alhajeri stressed that Kuwait is not the only country going through life challenges due to the pandemic, but rather, the entire world is suffering from the same challenges, which have been reflected in the basic human needs supplied by the economy, in terms of the standard of living, housing and employment, and infrastructure.

Alhajeri also touched on the economic and financial models of Kuwait, pointing out that there are inconsistencies between those two models. The Kuwaiti economic model is a democratic institutional model based on the multiplicity of thinking and freedoms, which makes it a distinct one, but on the other hand, it is a model with a rentier system that relies heavily on oil as the only source of national income. It also suffers from a significant weakness in its overall structure in terms of productivity, which in turn, leads to a weakness in the sustainability of the economy's constituents.

Alhajeri went on to say that Kuwait's financial model is a strong one, based on the statements and assessments published by credit rating institutions. He added that the negativity of the approach, which aims at saving national income by increasing employment in the government sector, regardless of the sectors productivity, creates a rentier discourse that is based on profusion rather than quality, and inevitably harms the state's economic model. The ideal solution would be to move from this rentier discourse to a competitive one, which focuses on creating a productive and added value-based society, with a focus on promoting fundamental values that were lost with time, which is knowledge and action. Today, it is imperative to create a creative knowledge-based society that focuses on diligent human caliber that motivates the private sector and Kuwait's youth to work in productive sectors.

Governmental measures

As the participants discussed potential government solutions, Alhajeri stressed the importance of seeking help when it comes to economic affairs, specifying various policies that can be followed, such as fiscal and monetary policies. He noted that the Covid-19 crisis demanded the adoption of financial policy actions more than monetary, and highlighted the importance of working within an integrated framework that includes monetary, PG 6

MARKAZ NEWS

CONTINUED FROM PG 5

Alhajeri participates in live talk with 'Hewar' titled "Covid-19 Crisis: From Health to Economic"

financial and legislative policies, and pertaining change of laws, especially in the absence of the financial component, and additional financial resources to combat this crisis. This specifically applied to provising assistance businesses of all sizes, to be able to survive and enjoy a certain level of liquidity, and in turn, avoid detrimental actions, such as reducing salaries or laying off employees in large numbers, which may create a regression that is difficult to overcome.

Alhajeri expressed his regret over the confusion depicted in the nationwide discourse, which has profoundly impacted decision-making. He explained that the environment of non-purposeful criticism has led to a state of paralysis in decision-making, whether in the government or the private sector.

He added that until this moment, there is no comprehensible public opinion with long-term goals to build a productive, superior, and sustainable economy, away from skepticism in the private sector, or in relation to traders or expatriates. Alhajeri supported his opinions by using privatization as a case study, pointing out that it has always suffered from dissenting sentiments, despite the presence of successful privatization models, the most important of which is the privatization of the stock exchange, where the main reason for its success was the reform movement rolled out across the capital market's and the formation of the Capital Markets Authority.

Alhajeri also addressed the hostile discourse widely witnessed recently, which states that the solution to the corruption problem is "Kuwaitization". Despite the fact that the priority in employment belongs to the Kuwaiti nationals, Alhajeri believes that there are still jobs that require expatriates, stressing that the turn in the current rentier discourse affects Kuwait's relationship with those specific countries and that is unacceptable.

Evaluation of government performance

Alhajeri pointed out the importance of creating an investment climate more favorable to the growth of the private sector, while ensuring that the Kuwait economy moves towards a more productive one, especially as Kuwait's ranking in the Ease of Business Index lies between 97 and 100, which is due mainly to the e-government aspect, which had the opportunity to play a larger role with the outbreak of Covid-19, which in turn, reflected further transparency which characterizes Kuwait.

Kuwait's economic crisis is not new, and is the result of an oil-dependent economy for over 50 years, without a single attempt to diversify income sources

Trust was also a focus for Alhajeri, where he highlighted its importance in key areas, including creating a solid reform plan in institutions and working to rid them of corruption, aiming for institutional excellence and real reform. He also stressed the importance of empowering creativity within a framework of social responsibility for institutions, and encourage the thought of seeking the necessary assistance from specialized authorities or agencies.

Dr. Al-Gharabally clarified that the Kuwait economic crisis is not new, and is the result of an oil-dependent economy for more than 50 years, without a single attempt to diversify income sources. The fate of the Kuwait economy is dependent on the price of a barrel of oil, which is controlled by the law of supply and demand. These days, the current health crisis has affected the oil prices on which the economy depends on, which was accompanied by an increase in the government's financial expenditure on the health sector and insuring life of the Kuwaiti citizen.

Commenting on economic challenges, Dr. Al-Gharabally said that the credit rating of Kuwait remains high according to the reports of the three major credit rating institutions, S&P, Moody's and Fitch, and that the Kuwaiti Sovereign Fund is highly praised, which calls for the proper management of it, by adopting solid reforms in the near future.

Regarding the monetary policy, Dr. Al-Gharabally explained that the most substantial impact to date is the interest rate that has reached today 1.5%, which is the lowest in the history of Kuwait, in addition to the recent central bank decisions that stipulated the reduction of restrictions on banks in order to increase liquidity in the market. As for financial policy, he said that there is a haze in the nature of management despite the issuance of several recommendations, highlighting the policies pursued by countries in crises, to protect vital sectors with a focus on those with added value, which creates unclarity in Kuwait, as there are no clear definitions of what those vital sectors with added value are, bringing about an information crisis.

For his part, PM Al-Shaheen pointed out that the economic and financial sectors are damaged and incur substantial monthly payments. Al-Shaheen mentioned that despite the delay in some governmental measures to address the economy in light of the current Covid-19 crisis, it is understandable, considering the fact that the features of this crisis have not been yet clarified mapped out. He further clarified that the current crisis will require approximately two years in its medium term, that said; are we expected to provide all available resources and support, bearing in mind that we haven't yet passed the crisis?

Suggested solutions

Retained earnings: The participants had a unified opinion with regards to resolving the retained earnings, where Alhajeri stressed the importance of setting long-term development goals and agreeing on an implementation mechanism to address the fundamental differences. Dr. Al-Gharabally pointed out that talking about withheld profits is not a real solution to the financial deficit problem that Kuwait suffers from today. Rather, the solution lies in a sustainable budget. The economist Al-Hudaib believes that the value of retained profits ranges between 8 and 9 billion dinars and is present in oil, and that it is difficult to obtain them during this year, noting that this solution cannot be relied upon to provide the necessary liquidity to finance the 2020-2021 budget.

Public debt: Alhajeri explained that debt is due, and that Kuwait is currently in a low-interest monetary environment, noting that if Kuwait was urged to borrow today, the cost of borrowing would be much lower than that to previous times, which would allow it to avoid liquidating assets in a period when the markets are declining significantly, and thus leading to losses. He also indicated that in 2017 Kuwait was urged to borrow and the result of borrowing was ambiguous, and that was followed by inflation in the government apparatus and a poor record in development. Dr. Al-Gharabally considered public debt as a temporary solution, stressing that borrowing without an economic plan or reforms is a waste of public money.

We are currently in a low-interest environment, if Kuwait was urged to borrow today, the cost of borrowing would be much lower than previous times

Future Generation Fund: The participants agreed that the future generation fund is a sovereign fund in accordance with the law and that it is affected only through the issuance of a law dedicated to this matter. They also pointed out that it is the reason behind Kuwait obtaining a strong credit rating, and those concerned must ensure the proper management of this fund and to refrain from resorting to it to solve the economic crisis, but rather work to reform the budget and the investment environment.

Alhajeri published an article in Al-Qabas newspaper, based on the key points discussed in the webinar, on 5 July, 2020.


ALQABAS.COM

اقتصاد 12

رأي في قضية

مناف عبدالعزيز الهاجري

في عالم ما بعد الجائحة: بانتظار الخطاب الاقتصادي رقم 1

نموذج إنتاجي لا ريعي

Markaz CEO addresses employees

June 28, 2020: "We have a golden opportunity to leap ahead."

Dear colleagues,

As we prepare to return to our offices, as per the government regulation announced on 30 June, 2020, our absolute priority will be to safeguard the health and wellbeing of our staff through a series of prevention and protection methods.

With Covid-19 as a reality, we are very appreciative of the flawless way in which you have remotely managed your work over these recent months. We continue to be an organization our clients can depend on in difficult conditions, and that is thanks to you all.

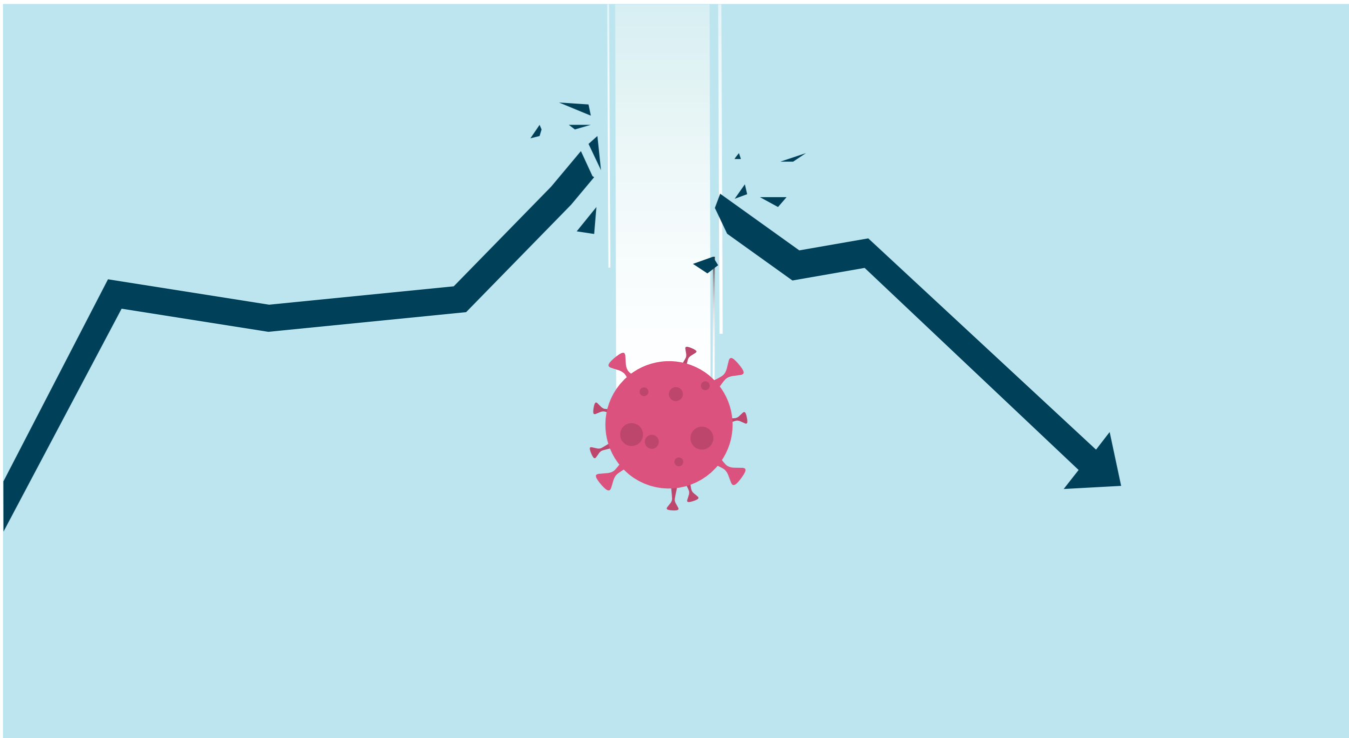
Under the new circumstances, we will embark on new modes of work including an accelerated technology transformation, paperless office, social distancing, and distant working, in addition to many cultural changes that aim to ensure your safety and better align our company with the new challenges to fulfill its long-term objectives. We will all share equally in this responsibility.

Before this crisis, we often spoke warmly of the 'Markaz family'—in these early post-Covid-19 days, this will be more of a reality than ever before. Let us all take the same care in restarting our office-based activities as if our own loved ones were right there in the office with us. This is exactly how we will best keep our own families safe.

With lessons learned from our resilient approach, we have a golden opportunity to leap ahead, rethinking our processes, realigning and reskilling our resources, and maximizing technology. Let us do that safely and effectively, together.

MARKAZ NEWS

Disruptions caused by the Covid-19 crisis



Mr. Ali H. Khalil

In the midst of a battle against Covid-19 and the disruptions it has brought upon the world, and Kuwait in particular, it is imperative that every aspect of the economy that has been disrupted from the onset and continues to be affected is addressed immediately and effectively. In the following white paper, Mr. Ali H. Khalil, COO "Markaz" lists the key areas of concern, namely demand, supply and the revenue and cash flow cycle, followed by suggested solutions and a specific direction on what should be prevented, to ensure that post Covid-19, the Kuwait economy can go beyond surviving to flourishing.

The Covid-19 crisis has caused the following disruptions

1. First, and foremost, a critical disruption in demand:
   The demand across many sectors has been disrupted and ceased. People are not able to consume.

2. Disruption in supply: Companies are not able to produce
   a. The supply chain has been impacted. Goods and supplies are no longer flowing in an orderly manner, and hence, manufacturers and retailers are no longer able to produce at normal capacity to meet the basic needs of society.

This crisis will not differentiate between healthy and unhealthy companies, and can wipe out sectors that are necessary for the wellbeing of society

   b. The workforce is prevented from reaching their employers.

3. A disruption in the revenue and cash flow cycle across the economy, threatening the whole economy to choke. As a result, sectors and companies that are otherwise healthy, may fail because of Covid-19. Companies, people, and governments are no longer being paid.

Whereas we can't cause demand to resume, we can allow a) consumers to sustain themselves until they can consume again, and b) companies to survive until they can supply again, and c) to keep a minimum level of liquidity flowing in the system.

What is the objective?

1. Good companies and sectors should not be allowed to fail because of Covid-19.
   a. Unlike previous crisis, when harsh downturns penalized companies that were most vulnerable financially or inefficient compared to competition. Survival of the fittest does not apply here.

b. This crisis will not differentiate between healthy companies and unhealthy ones. It can wipe out industries and sectors that are necessary for the wellbeing of society, industries which took our society many decades to build.

   Conclusion: The government should provide support for the threatened companies and sectors to survive the crisis. It is much cheaper for the economy as a whole to prevent a company or sector from failing, than reviving them after they fail. It is common sense.

   How: Create a Bailout Fund that provides soft loans for companies, i.e. 5 years loans at reduced rate, to spend on keeping the minimum level of operation alive, and preventing such companies from folding.

2. People should be able to return to work as soon as the crisis is over. The talent pool should be sustained. Companies should be able to preserve their best talent in order to help rebuild. The Soft Loan can be utilized to pay reduced salaries for people to stay and return to work after the crisis.

3. Poverty should be prevented. People will lose their jobs, and they should be supported at a minimum level so they don't become a threat to society. Create a social Safety Net.

What not to do

1. Don't assume market forces will act on their own. They will not. The government should use its resources to save the economy, otherwise, the long-term cost will be prohibitive.

a. Just because banks have the cash, it does not mean they will lend it. They will not be attracted by marginal profit and will be afraid of risk. The program should lower risk on banks by sharing in it.

b. There is a serious conflict of interest between shareholders, lenders and employees, which is not a conducive environment for the long-term viability of companies.

2. Don't waste money on inflating asset values. Asset prices, provided they don't collapse, will revert to fair value once the crisis is over. Use money where it will be most needed to:

a. Stimulate and restore demand to previous levels.

b. Save companies from collapsing, a scenario which will lead to massive unemployment and social misery.

It is much cheaper for the economy as a whole to prevent a company or sector from failing than reviving them after they fail

How to do it

1. Quantify the bill: Use institutions like the World Bank or IMF to quantify independently the financial assistance required.
2. Set up an emergency lending Fund: Establish a lending fund, whereby the banks contribute 10% and the government 90%, to lend the companies for their working capital at a reduced rate and for the long term.
3. It is not a matter of liquidity only. Most importantly, unless the Government assumes some of the risks, the banks will be reluctant to lend.
4. The Fund should be managed by the banks, and supervised by the CBK and other regulators using existing institutions.
5. Look at other models that worked, however, Kuwait is particular. 1) Government does not collect taxes; the government does not directly replenish its coffers when companies return to prosperity, and 2) oil prices are on the decline for few years to come.
6. Don't just bailout the companies, start thinking of ways for the government to get back money through taxation.

Who should manage it

1. This program can't be managed by institutions who do not have a vested interest in the recovery:

a. The CBK is more concerned about the stability of the KD, the sustainability of the banks, and liquidity of the system. Whereas they are part of the solution, they can't lead an effort that is substantially fiscal.

b. The KIA is focused on saving the FGF and creating wealth, neither their mandate nor their skill sets are geared for economic development or bailout.

A special committee should be implementing a plan that is properly conceived, with proper guidelines. The members should be from the private sectors.

MARKAZ NEWS

Markaz holds webinar on impact of Covid-19 on education sector

Markaz: innovation, efficient management, enhancing skills and competition capabilities are key factors to support the education sector in Kuwait.

In its constant pursuit to shed light on opportunities to support the development of the Kuwait economy, Kuwait Financial centre 'Markaz' held a webinar entitled "Education Sector in Kuwait post Covid-19 and Pertaining Investment Opportunities" on Monday, 22 June, 2020. The webinar addressed the challenges facing the education sector following the outbreak of the Covid-19 virus around the world, the impact of closing down educational institutions, and the increasing demand on e-learning and investment opportunities within this field.

The webinar was moderated by Mr. Manaf A. Alhajeri, Markaz CEO, and witnessed the participation of Mr. Ali H. Khalil, Chief Operating Officer at Markaz; Ms. Areej A. Al Ghanim, General Director, The American Baccalaureate School, Mr. Badr Ward, founder and CEO of (Lamsa) application, and last but not least, Mr. Yousef Al-Hussaini, Founder of Baims education website and app. Participants also included Dr. Fatima Al Hashem, faculty member at Gulf University, and Professor Faisal Al-Baridi, member of the (Jarrib) online e-learning initiative.

The webinar was initiated by Sheikh Hammoud Salah Al-Sabah, Assistant Vice President for Governmental Commercial Relations at 'Markaz', with a presentation on the education sector globally, regionally and locally in its various aspects after the Covid-19 pandemic.

The presentation showed that the global expenditure on education in 2015 amounted to 5.2 trillion dollars. A figure that is expected to grow by 4% annually, on a global level. In comparison with the GCC countries, the findings showed that total expenditures exceeded the global rate, which ranged between 5-6% annually. The Organization for Economic Cooperation and Development and other international organizations have defined a general framework for the skills of the twenty-first century, and the framework is based on 11 axes, the most important of which are the promotion of critical thinking and problem solving, information culture, innovation and creativity, and communication and sharing. It also showed that the State of Kuwait spends $15,000 per student per year, but in return the quality of education is poor, where Kuwait ranked 47 out of 50 on TIMSS capacity test in 2015, while other countries such as Korea spends half of this amount per student and ranked third in the capacity test. With the Covid-19 crisis, schools were closed in more than 124 countries, meaning that about one billion and one hundred students were affected as a result of the pandemic. China was the first country where the virus appeared and schools were closed, but at the same time it made remote learning compulsory. Whereas in the UK, education has been suspended completely and the 2020 exams have been canceled.

Global expenditure on education in 2015 amounted to $5.2 trillion with projected 4% annual growth, compared with 5-6% annually for the GCC

The outbreak has accelerated overall dependence on technology. When it comes to educational technology, there are many concepts to consider. The first is remote learning or e-learning such as Coursera, ADEX and Khan Academy. The second is the education management system, which is a system that allows a teacher to take attendance and absence, to collect and arrange educational materials and correct tests, and the third is digital tools that includes digitizing content. From 2014 to 2019, there were 16 acquisitions and mergers in the education sector in Kuwait, worth $1.2 billion, or KWD160 million Kuwaiti dinars, 12 of which were completed in the last two years, which is a strong indicator of this sectors' importance to investors.

At the start of the session, Alhajeri pointed out that the current pandemic contributed significantly to highlighting the role of e-learning, and the ability for teachers and students to communicate remotely through communication programs, which contributed to providing many investment opportunities around the world and in the region. Alhajeri posed a set of questions to the participants throughout the webinar in relation to the changes the education sector has witnessed after the Covid-19 outbreak, and just how seamless the process of applying e-learning was during the crisis, and the smooth application of distance education during the crisis. Alhajery also questioned matters such as the compatibility of student expenditure rates with education outcomes and quality, and the role of the private sector as a development force in support of the education sector, in addition to the solutions offered within the current ecosystem. He also highlighted the importance of the education sector and that it has been facing longstanding challenges, and it now faces new ones due to the pandemic, such as the ability to raise the quality and standard of e-learning.

It is also an important gateway to social justice portals among Kuwait's youth, in which everyone has the same right to receive a quality education. Alhajeri stated that we must not shy away from filling these gaps as quickly as possible, mainly by raising the standard of practices across all sectors which in tun will reflect on the quality of the education sector.

Alhajeri also pointed out that bold investments should not be limited to the initiator alone, but should extend to all elements of the system, including regulatory institutions, public opinion and sovereign institutions, which must also be bold and accept a pre-agreed degree of risk to be taken. Today, there is a need for more boldness, leadership and decision-making abilities and the transfer of best practices within the same sector or from one sector to another.

Khalil stated that today schools face the challenge of exerting quality efforts that address market needs, which will urge a change in curriculums and content, in line with the required skills and different circumstances posed by this pandemic. There is no doubt that the management of schools will be much more difficult than it was seeing that there are two types of schools; the first of which are distinguished schools, capable of self-developing and attracting high caliber students, and the second type is tier two schools, that are considered merely a property that accommodates teachers that aim at completing a curriculum with no profound added value. These school will be substantially affected unless drastic changes are made post Covid-19. Khalil highlighted that some countries offer the management of public schools to the private sector through official tenders. Today, family businesses and professional investors have entered the education sector and improved the quality of management, which led to the entry of private investment funds specializing in the education sector in the last three years. He added that it is important to realize that education is not an independent project, but rather must operate within the community system, and must begin to define the competencies needed in today's society in order to make a solid positive impact.

The education sector has faced longstanding challenges, now compounded by the pandemic, such as raising the quality and standard of e-learning

Khalil also shed light on the fact that the academic capabilities of graduates from foreign schools surpass those of government schools, which is noticeable in the labor market in terms of the graduate's skills, thinking approach and overall work attitude. Given the difficulty in restructuring government education in the short term, the ideal solution would be any investment that could complement government education by offering a supporting curriculum or program at minimal cost with the goal of raising the academic level of students.

Alghanim shared her thoughts on the challenges faced by schools since the start of the pandemic and the decision to close them down, in addition to the larger segment of parents that weren't able to comprehend the concept of e-learning and the lack of support from the Ministry of Education to apply the e-learning system, which became an issue with multiple views and opinions. She added that it took 35 days at the ABS School to persuade concerned parties to allow for the application of e-learning as an option for students. Despite the challenges, the presence of a developed and advanced technical system in the school, the students' willingness and openness to the concept, and the provision of a technical team to train teachers, contributed to facing these challenges.

Alghanim added that distinguished schools operate according to certain standards and classifications that obligate them to find innovative solutions to face such crises, and despite the difficulty faced at the start of the e-learning phase, students began to interact with classmates and teachers, which contributed to raising their morale psychologically and socially. Alghanim called for the development of the government educational system, which will reflect positively on excelling private schools, while schools that have fallen behind will not be able to adapt to these developments. ⊙ PG 14

MARKAZ NEWS

Markaz: sectors with high vulnerability towards lockdown and social distancing measures constitute 67% of overall Kuwait economy

Including oil & gas, real estate, education, wholesale & retail, health & social work, construction, household, hotels & restaurants and agriculture & fishing.

"Markaz" hosted a webinar on 8 June, 2020, in collaboration with the Kuwait Foundation for the Advancement of Science (KFAS), to discuss the impact of Covid-19 on the Kuwait economy. The webinar was presented by Mr. M.R. Raghu, and addressed four key points, namely the impact of Covid-19 on the Kuwait economy, the implications on Kuwait based businesses, the importance of accelerating the adoption process of emerging trends and last but not least, what business leaders and owners need to do, to recover and build up their businesses given the current situation.

Mr. Raghu initiated the live talk by illustrating the overall impact of the pandemic, stating that the spread of the

Mr. Raghu stated that as Kuwait navigates through the current lockdown, businesses of all sizes and nature are grappling with the evolving crisis

Covid-19 has impacted all dimensions of human life, from a physical, emotional and economic perspective. An overview of the ramifications of the pandemic on global markets and key sectors was also presented, with a detailed recap of all actions taken by the Kuwait government to combat the spread of the pandemic, highlighting various parameters and the level of impact as a result of these actions, supported by key policy recommendations and short to long terms suggestions. The sectors covered were banking, real estate, retail, SME, transportation and logistics, and telecom.

Mr. Raghu stated that as Kuwait navigates through the current lockdown, businesses of all sizes and nature are grappling with the evolving crisis and trying to mitigate the challenge in various ways. Business leaders need to navigate a variety of issues from keeping their employees and customers safe, shoring up the balance sheet with ample liquidity to ride through the uncertainty amid falling or no revenues and reorienting operations to revising the business model.

He also touched on the importance of mobility as a key aspect of life and an

Sectors with high vulnerability towards social distancing include hospitality, construction, retail & entertainment, oil & gas, real estate and education

interlink between various stakeholders, with emphasis on the areas enabled by it, such as the supply chain, which impacts the movement of goods and services; transportation services as a means of granting access to students and employees, and fundamental life requirements, such as accessing basic food supplies, medical aid and others.

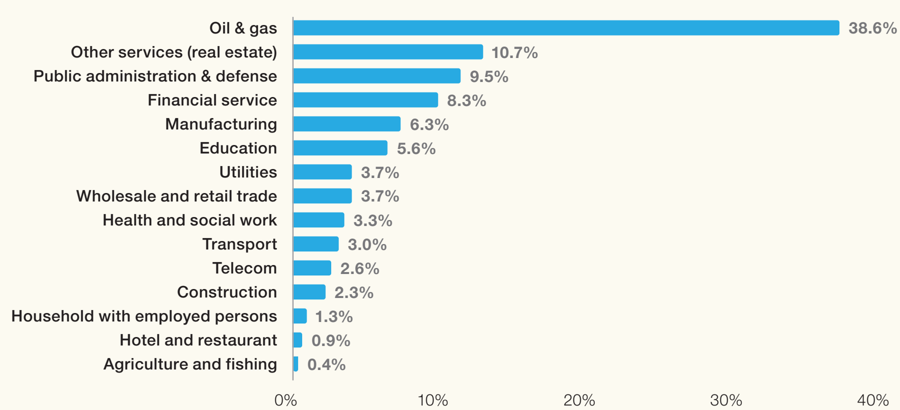
The impact on the Kuwait economy and businesses was clearly portrayed, where macroeconomic indicators were outlined, along with the multiple headwinds Kuwait is faced with, in terms of the fiscal deficit which is set to widen on back of lower oil receipts; oil prices that plummeted by 55% in March this year, and the expected job losses which were observed by sector in Kuwait. The impact on 'Kuwait Household Expenditures' and vulnerability of various sectors in Kuwait was also discussed, with a look at the sectors that can withstand the current social distancing and lockdown measures, based on the ability of each to operate and survive with the 'work from home' approach.

The webinar showed that hospitality, construction, retail, entertainment, and the oil and gas sectors have low ability to work remotely, as opposed to the banking, telecommunications and software and IT enabled services that would be able to operate remotely maintaining their key business functions. The sectors with high vulnerability towards the lockdown and social distancing measures constitute almost 67% of overall Kuwait's economy, namely oil & gas, real estate, education, wholesale & retail, health & social work, construction, household, hotels & restaurants and agriculture & fishing.

Mr. Raghu also addressed the key policy measures that have been taken by the Kuwait government and put forth measures that could be possibly implemented at a later stage. The measures were discussed across households/labor, corporations/organizations, financial sector, real estate sector and labor markets categories from the perspective of liquidity, solvency and legislative measures.

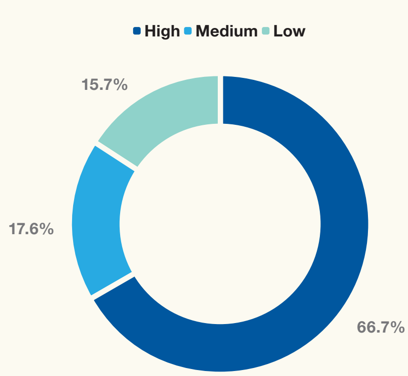
The webinar was concluded with a series of recommendations and thoughts shared by Mr. Raghu, where he highlighted that Kuwait is faced with multiple headwinds that are mutually reinforcing—Covid-19, low oil prices and expected job losses. He added that economic costs will be immense with little or no government interventions, and that government spending should be swift and significant to safeguard the private sector. Another suggestion made was that monetary measures should extend beyond low interest rates and loan deferments to significant quantitative easing and capital support programs. In addition, fiscal measures should move beyond SME and cater to organizations of all size that have been affected by the crisis; ensure solvency through capital provisions to otherwise healthy firms and nurture healthier firms further to flourish and generate jobs, among a few other points.

Kuwait economy by sector



Vulnerability of Kuwait economy to

Lockdown & social distancing measures



Ability to work remotely	
Hospitality	Low
Construction	
Retail & entertainment	
Oil & gas	
Real estate	
Education	
Utilities	
Financial services	
Banking	
Telecommunications	
Software & IT enabled services	High

CONTINUED FROM PG 11

Markaz holds webinar on impact of Covid-19 on education sector

She also explained that a large segment of parents prefer private schools and universities as a result of the low standard of output seen from the government schools. In addition, some families may differentiate between children by introducing some to government schools and others to private schools, which may create a psychological gap between them specifically since academic levels will differ in comparison, and also leads to an imbalance in the social justice system.

Ward also shared insights and highlighted that the education sector requires a holistic rehabilitation and reform process, where experts from the public, private and technology sectors come together to create a new platform, whereby the teacher's role is clearly defined, whether in or outside the classroom, to ensure the continuity of the education process, student reporting and exams, under any circumstances. He added that the matter of e-learning we face today goes beyond the Covid-19 crisis, but rather calls for the activation of various means of technology and e-learning mechanisms and the creation of a new integrated experience.

Ward added that since the beginning of Covid-19, there has been an increase in demand for educational applications, although many investors were avoiding this sector, but now, there is a greater desire from investors to benefit from it. He added that emphasis should be placed on investing in developing teachers' skills and properly enhancing their competencies, as they are the key differentiating factor when it comes to the standard of schools, provided that creators and innovators from this sector are involved to create new platforms and storm up out of the box ideas that meet the needs. Ward called for the need to give Kuwait's youth the chance to contribute in the decision-making, policies, change in curriculum and education goals, to achieve the aspired change.

Developing teachers' skills and competencies are key factors in schools standards, requiring innovative ideas and platforms that meet these needs

Al-Hussaini stressed on the importance of content when it comes to e-learning and the need for the right caliber of people to deliver this content and provide complete requirements for today's generation. He also pointed out that the main problem faced today is not due to the lack of resources, but rather the behavior of the teacher who may not be ready to engage in the e-learning process. Al-Hussaini went on to clarify that innovation is built around a clear understanding of the target audience and its specific needs and requirements, especially when it comes to today's generation who are fully immersed in technology and its related tools. Moreover; it is important to invest in the early education sector, which is one of the most important, because establishing children the right way from a young age will help in developing their skills in the long run in and in line with global requirements.

Al-Hussaini also pointed out that investors are still afraid to invest in new platforms, due to the lack of experience as opposed to pioneering projects, hence the presence of an experienced workforce is essential to the assessment of any company. He went on to explain that most of the bold capital companies in Kuwait and the Gulf began to show interest in education at the end of 2019, but there was no capital company interested in education from Kuwait, but most of them were from Hong Kong, Silicon Valley, or other foreign countries. However, the ecosystem in Kuwait is very difficult for international investors, but there is optimism due to the increasing interest in this sector.

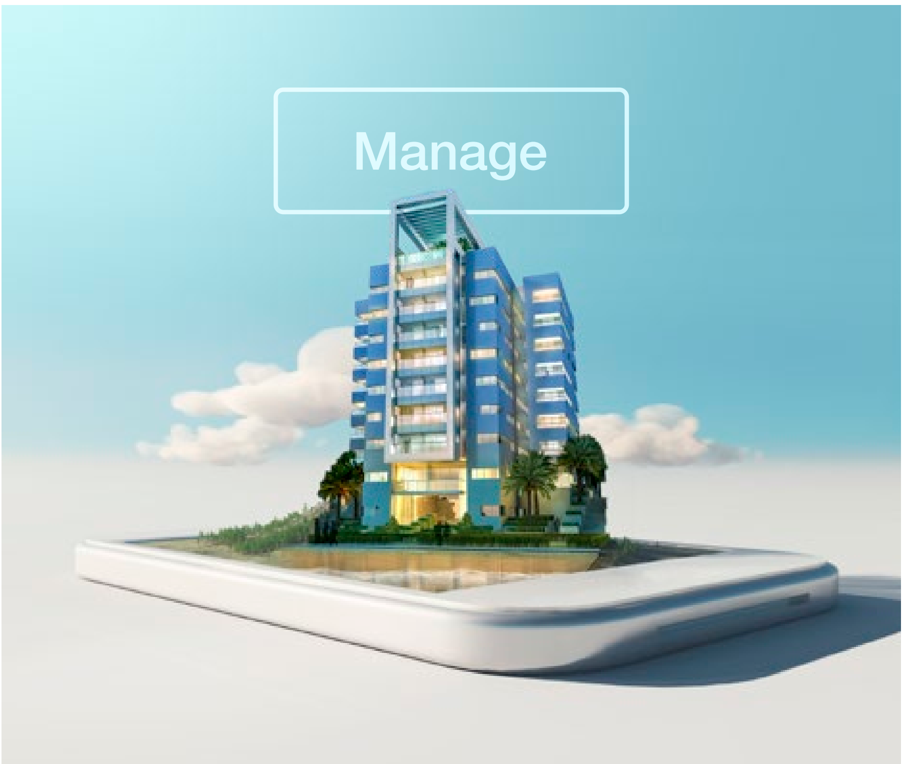
Al-Baridi said that there was no clear plan to complete e-learning at the start of the crisis, which affected students after a suspension period for schools for 4 months. More importantly, in the event where students are urged to be suspended from school due to circumstances as those we have witnessed recently, there must be an alternative through which students can continue their education rather than wait off the situation.

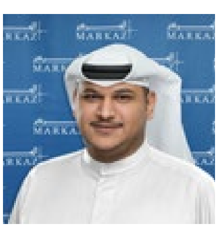
Al-Hashem stated that due to a governmental guardianship on the private education sector, it was forced to stop the provision of e-learning for several months, although it was fully equipped to do so. Al-Hashem added that the cost of spending on the government education sector is considered a waste due to the poor outputs and results. Although the Ministry of Education is willingly investing in the latest soft wares, such as Microsoft Teams and others, it is not being applied effectively due to the continued traditional management approach.

GETTING TO BUSINESS

Markaz launches state-of-the-art online services to transform tenant experience

The new resident services portal is a major step toward a complete automated onboarding and stay experience.





Khaled A. Almubaraki

Salman H. Olayan

Markaz announced in May 2020 the launch of an online resident services portal, bringing a new level of convenience and comfort to its customers. The new state-of-the-art services, offered through RENTCafé by Yardi, will help tenants save time and manage easily and securely all aspects of their rental on the go, including rent payments, maintenance requests and lease renewals.

Stemming from Markaz's ongoing focus on digitization and seeking innovative ways to add value for its customers, the new portal will enable tenants to enjoy round-the-clock self-service account management. They can instantly update their profiles, view balances, make payments, schedule recurring auto-payments for rent and other dues, receive announcements and submit maintenance requests. Further improving the tenant experience, the portal will also allow residents to check out upcoming community engagement events in their buildings.

The tenants of Boardwalk Residence, a low-rise residential building that is situated on Al Reem Island in Abu Dhabi, and offers a beachfront living experience, can take advantage of the new offerings initially. Markaz will soon extend the services of the portal to other properties in the UAE and also in Kuwait and Saudi Arabia.

Commenting on the launch, Salman H. Olayan, Assistant Vice President, Post Acquisition, Markaz, said: "Striving to always staying relevant to its customers and understands their needs and aspirations, Markaz has embraced digital transformation in all areas of our operations and across the board. Our focus has remained on leveraging on the tremendous potential of technology and innovation to automate and digitize all aspects of the customer journey and enhance the efficiency and appeal of our products and services. The rollout of the new resident services portal represents a major step toward providing a complete automated onboarding and stay experience to our tenants. We are confident that this comprehensive solution will resonate well with our residents, offering them effortless and seamless rental services."

Olayan added: "As we continue to grapple with the impacts of the Covid-19 pandemic and subsequent restrictions imposed with regards to home-quarantine and social distancing, the introduction of solutions such as the online resident services portal is of great importance. Our tenants in Boardwalk Residence can now safely and with peace of mind access our services from the comfort of their homes."

Khaled A. Almubaraki, Vice President, MENA Real Estate, Markaz, said: "Technological advances are rapidly disrupting the conventional ways of operation in the real estate industry. At Markaz, we have remained at the forefront of the adoption of digital technology in all aspects of our operations, including development, renting, leasing and management, for increased efficiency, faster growth, and enhanced customer experience. The new resident services portal will help us revolutionize the entire rental journey of our tenants by offering them unmatched flexibility and convenience at every touchpoint, while also enhancing the performance of our assets."

As a testament to its unremitting commitment to actively pursuing technological innovation to introduce new solutions that enhance the experience of its customers, Markaz launched the first personalized investment app in Kuwait, iMarkaz, in February 2020. The interactive digital platform allows potential investors to build their investment portfolios within minutes and connects them to Markaz relationship managers who will ensure the portfolios fulfill their financial objectives efficiently. The app users can also benefit from the company's full-fledged services in asset management, investment banking, direct investments, and real estate.

GETTING TO BUSINESS

Markaz's IT department combats Covid-19 with speed, precision and strong infrastructure

Many visions and plans were put into effect much faster than anticipated with the outbreak of the Covid-19 pandemic. But what stood as testament during these trying times was the strength of Markaz's IT infrastructure which was built over the past few years. With the fast-paced decisions made by the government, in an effort to combat the outbreak, Markaz was committed to ensuring business continuity, and hence, it was a must to react at the same pace.

This was made possible with the solid foundation we had put in place as part of a bigger plan, aimed at creating a world class IT system, empowered by well-designed plans, informed decision-making, and the identification of suitable technologies. These included infrastructure enhancements, cyber security, automation, and cloud-ready infrastructure, which were all key requirements that made up the heart of our infrastructure. Not to mention the standardized IT operational procedures and the in-house skill set, which played the key role in making this possible.

To start with, subsequent to media reporting of first Covid-19 case in Kuwait on 23 February, 2020, the IT team has focused its efforts to achieve a primary mission, which is to ensure that Markaz continues to conduct its business operations in a smooth, effective, and secure manner during the unprecedented crisis. With this in mind, basic requirements were a priority in order to guarantee every staff member was connected and able to perform their duties. That said, our IT team swiftly and efficiently set up the basic work-from-home facility, with security as its utmost priority. Business-critical IT platforms were extended seamlessly for remote user access, where users were given essential tools and training to make the work-from-home experience as successful as possible.

With everyone's health at heart, our new e-signature platform enabled all departments to digitally sign documents while safeguarding confidentiality

Creating a virtual and paperless operation was a key objective during this period, which our IT team played a significant role in creating. With the health of our people and stakeholders at heart, the newly deployed electronic signature platform enabled all departments across Markaz to digitally sign required documents, while safeguarding the confidentiality of the contents and eliminating the need for physical presence.

In addition, one of our IT team's major goals was Cloud-Ready Infrastructure, and worked towards making it happen since the second half of 2019. A selection of contemplative technologies from industry-leading vendors, with well-anticipated scalability assessment, has put Markaz in a great position to embrace the cloud technology evolutions. It has also paid off tremendously during the pandemic, as access to collaborative tools and other online resources were flawless, regardless of the user's physical location.

Moreover, Markaz's IT team has recently built a Disaster Recovery Site, employing a newfangled cloud concept, Disaster Recovery as a Service (DRaaS). The facility enables Markaz IT infrastructure to be operated from Cloud, and resources accessible over the Internet, should a need arise including the combat of a countrywide disaster. This is also one of the tools that allowed Markaz to operate seamlessly throughout the past few months, without compromising security at all. That said; the IT team has introduced multiple security controls safeguarding the CIA (confidentiality, integrity, and availability). This includes the industry's best Firewalls, VPN technologies, DNS protection, Anti-malware solution, and others.

Last but not the least, the relentless commitment and efforts of Markaz's staff at large played a significant role in making this system the success it is today; better yet, one of the leading in Kuwait.

GETTING TO BUSINESS

MENA Real Estate Team amplifies efforts to minimize impact of Covid-19

In light of the recent Covid-19 pandemic and the various restrictions and ramifications it brought about, the Mena Real Estate team amplified its efforts and managed to successfully control all business activities and ensure operations continued to run seamlessly throughout this time.

Emphasis was placed on increasing overall efficiency of all related facilities, while operating remotely. A 'paperless' approach was also introduced in terms of approvals and sign-offs, avoiding any possible health hazards, yet processing business as usual.

The different operational aspects of the company's funds and portfolios were managed by creating clear channels of communication with the assigned property management companies, which allowed us to assess and measure the economic impact of the Covid-19 pandemic on the real estate sector in general, and on the valuation of our products and properties respectively. Investment management was taken to a different level and client reporting was increased in frequency, to ensure all analyses and findings were communicated in a timely manner, and addressed immediately.

With our properties spanning across the region, specific measures were taken to ensure consistency in our management approach, with our partners and affiliates, demonstrate commitment and support, and more importantly the safety of our tenants and people. These measures include:

- Regular and timely updates on government directives, specifically those regarded mandatory
- Disinfecting all properties and putting in place a group of rules and procedures to ensure the safety and protection of our tenants and staff, with the ultimate aim of limiting the spread of the virus
- Offer targeted financial support, to assist tenants that have been impacted the most, and ensure they survive the lock-down
- Reinforcing the importance of fitness, our teams leveraged existing fitness equipment by lending them to tenants at home, since fitness facilities across building were urged to close. This was also supported by distributing board games to encourage tenant to enjoy the valuable quality time offered during this time

The MENA Real Estate team has made all necessary changes to specific policies that have guaranteed the successful management of operations activities and will continue to outline best practices during these trying times and ensure a successful operation.

Benchmarking our safe return - Markaz readiness assessment with PwC

To make sure Markaz is covering all bases in terms of our people's safe return to the workplace, and for an informed realignment of our practices in the altered post-Covid-19 business environment, we undertook an exercise with international consultants PricewaterhouseCoopers (PwC).

Our broad goals were twofold:

Firstly, and urgently, to gauge our immediate (opening-2 months) organizational preparedness for gradual return, check-listing our health & safety measures, communication plans, use of office facilities, initial client and third-party contact and continuity issues, and maintaining critical business operations at a distance.

Secondly, to evaluate Markaz readiness in the mid-term (3-6 months) across the four key dimensions of People, Governance, Process and Technology, with high level insights on all-round optimization and potential technologies to embed post-Covid changes in working.

In this way, we have been benchmarking our recovery and continuity plans and practices against the very highest global and regional standards for how we will work most safely and most effectively going forward.

We are now very clear and confident in the steps we are taking, with maximum reliance on our own resources, to safeguard Markaz teams and our clients' best interests as business recovers into a 'new normal'.

GETTING TO BUSINESS

International Real Estate Department at Markaz deploys series of actions to safeguard capital and growth

Driven by a foundation built on quality and trust, the International Real Estate Department (IRED) at Markaz continued to manage the company's international assets through a series of precautionary actions and best practices, with the long-term aim of capital preservation and growth. At the outset, management at Markaz analyzed its portfolio on a project by project basis, to assess that impact of Covid-19 on both valuation and cash flow (rental collection). Accordingly, and with the aim of reporting transparently, Markaz informed investors that the distributions on certain products would either reduce and / or stop, in order to preserve capital and manage tenant delinquencies.

From a development transactions front, IRED continued to monitor construction progress on existing projects to ensure that budgets and timelines remain on track. For projects under construction in both the US and Europe, only minor delays to set schedules were recorded, with the exception to one of our US properties, where a fire broke out demolishing a third of the built-up area. More importantly, management has confirmed that the incident resulted in minimal losses where the project's insurance policy will cover development cost and income related losses. Last but not least, we are happy to report that leasing has maintained its pace throughout these challenging times.

Last but not least, we are happy to report that leasing has maintained its pace throughout these challenging times

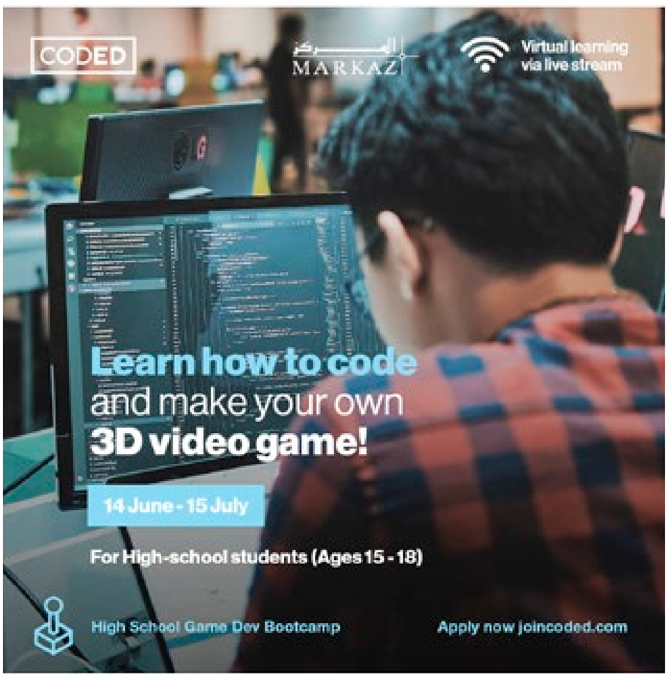
In addition to the above, Markaz continued to roll out its strategy in relation to development transactions, and leveraged its experience to pursue built-to-suit industrial projects, in all its forms. To this end, management is in the process of closing a joint venture with an international developer for a 302,688 sq. ft. warehouse, located in Cullman, Alabama. The project is 100% pre-leased to an Australian household company, and the development is expected to generate a net IRR of 16.26% over a period of 15 months.

In Europe, IRED is assessing development projects in the Netherlands and Germany with as similar strategy of build, lease and sell, and it is also exploring new markets to enter, such as Spain and the UK.

IRED continues to lead and excel in identifying quality opportunities, which is the result of a thorough due-diligence process constantly rolled out by the team, based on qualitative and quantitative criteria, to ensure optimum results and return for our clients and investors.

CSR ACTIVITIES

Markaz sponsors CODED game development bootcamp for high-school students



Program support forms part of our initiatives focused on nurturing the next generation of highly skilled professionals.

Underlining its commitment to giving back to the community where it operates, Markaz has sponsored "Game Development Summer Camp" for high-school students. Organized by CODED and held from June 14 to July 14, 2020, the five-week High School Game Development Bootcamp was aimed at training beginners with no experience in programming on coding and enabling them to build video games.

The virtual Demo Day of the "Game Development Summer Camp" was held on Wednesday, July 15th. Mr. Manaf A. Alhajeri, Markaz CEO, gave a few words during the opening speech of the ceremony. He affirmed that Markaz's support comes as part of its various initiatives focused on nurturing the next generation of highly skilled professionals who will contribute tremendously to the growth and development of Kuwait and the wider region. During the ceremony, each of the 26 participating students showcased their final project in a 2-3 minute presentation.

Markaz staff take the initiative to relieve some communities affected by the Covid 19 lockdown

In such challenging times, life is a struggle for many who were in lockdown areas. Some did not have access to basic food supplies due to mobility constraints. During the holy month of Ramadan, we wanted to give back to the community and support each other.

Through a donation campaign initiated by a number of concerned Markaz staff which aimed to help support families and individuals affected by the lockdown, we have been able to distribute around 680 food baskets, sufficient for over 1,500 people, through the International Islamic Charity Organization (IICO) and Kuwait Red Crescent Society (KRCS).

Each basket included essential food requirements such as rice, oil, milk, sugar, lentil, tomato paste, tea, beans, pasta, salt, etc. providing these families with much needed basic needs during difficult times. A sincere thank you for all those involved in this effort.

INFORMED OPINION

Markaz special report spotlights “Impact of Covid-19 on Mobility in Kuwait”

With mobility acting as an interlink between various stakeholders for goods and services, preventive measures to contain the spread of the deadly virus affected almost all economic sectors. As part of its keen focus on constantly evaluating the performance of various economic sectors to help achieve sustainable growth, Markaz launched a special report highlighting the impacts of the Covid-19 outbreak on mobility in Kuwait.

The report includes a set of recommendations that can be implemented by different sectors to address the challenges caused by disruptions to mobility as a result of the measures taken to curb the spread of the pandemic. It comes as a continuation of Markaz’s efforts to monitor the latest market developments in line with the national initiatives aimed at gradually reviving the economy and returning life to normal.

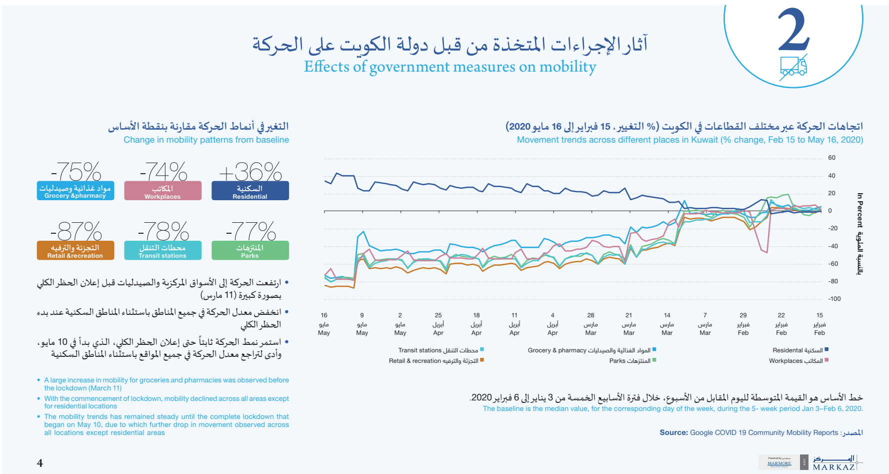
Measures taken to contain the spread of Covid-19

Following the outbreak of the pandemic, restrictions on movement were announced in most countries around the world, including Kuwait. The wide-ranging preventive measures taken by various governments included strict lockdowns and curfews that curtailed travel and movement within and outside their countries. The State of Kuwait has taken several measures to curb the spread of the Covid-19 virus, including a total lockdown from 10 to 30 May. This was followed by the latest ‘Five Stage’ announcement for the gradual come back, starting with a partial lockdown from 31 May (from 6 pm until 6 am) and full lockdown for specific areas, namely Farwaniya, Khaitan, Hawalli and Maidan Hawalli. These measures have had significant ramifications on various vital sectors in these countries.

Mobility acts as an interlink between various stakeholders for goods and services, and creates a chain of linkages that touches every aspect of life

Lifting mobility restrictions is key to revitalizing economy

The report focuses on the importance of restoring mobility to overcome the effects of measures taken to contain the spread of the virus on the national economy, and the increase in demand for essential goods, services and supply chains as people adjusted to lockdown and stay-at-home orders. Traffic to supermarkets and pharmacies heavily increased prior to the announcement of the full lockdown, whereas a decline in activity was witnessed across all other areas except residential. A decline was also seen across the food supply sector, pharmacies, parks, retail, entertainment, transportation and office sectors. Markaz’s report indicates that mobility acts as an interlink between various stakeholders for goods and services, and creates a chain of linkages that touches every aspect of life. Therefore, it was necessary to reduce restrictions on mobility and allow various sectors to return to work under specific conditions and by following precautionary measures.



The impact of mobility restrictions on different sectors

Several sectors were impacted by the full lockdown and the restrictions on mobility. Among those hardest hit was the transportation sector in which taxis and public transportation were negatively affected by the halt on business, in addition to the challenges faced by those without private cars to reach authorized convenience stores and supermarkets. All retail outlets, with the exception to cooperative-societies and supermarkets, have been closed, causing residents to panic-buy. There is also a heavy burden on the supply chain, as retailers face many challenges with stocks that will soon become perished, in addition to the lack of revenue in return for the occurring expenses. The medical sector was also impacted by the restrictions on mobility, where patients postponing treatments will increase pressure on the waiting list, and in return, hospitals may lose revenues due to this approach. In addition, hospital visits require the issuance of permits, and although pharmacies are open 24 hours, home delivery is also restricted by permits.

Key takeaways…a proactive and integrated framework

The need to activate an integrated mechanism to reduce the effects on the Kuwaiti market is a necessity. The many recommendations set out in the report include the formation of multiple teams to cater to the increasing needs of residents, and leveraging the potential use of technology, in addition to correctly assessing areas of high demand, the number of delivery personnel in each area and their movement, along with the number of suppliers, among others. Furthermore, the report calls for activating delivery services during the full lockdown, and granting volunteers more permits to help, in the case of shortage in manpower. With regard to the challenges faced by the various stakeholders, collective consultations can be held with the parties from different sectors, to reach integrated solutions and better coordination to ensure that all segments of society are served as well as possible. As for the medical sector, special teams can be formed to address the requirements of patients and treat their needs as a priority, to relieve some of the current pressure on this sector.

Markaz's report also suggests formulating a comprehensive national disaster recovery plan, one which facilitates the work of the financial services sector as an imperative necessity in times of crisis, while forming an administrative governance structure, with the aim of coordinating and supporting national resources, and developing a community-led approach to the policy framework. This would also include formulating a plan to monitor the supply chain by developing a modern information-sharing system.

Impact of mobility restrictions on the financial sector

The financial sector witnessed a severe state of distress, being directly linked to other vital sectors. The nation's stock exchange continued its operations, however, relevant stakeholders, such as asset managers and brokers, are denied access to visit their offices, limiting their service capabilities. We also witnessed a halt on the operations of investment companies due to the total lockdown, as it restricts the critical employees from being present at their workplace, creating pressure on the business activities and liquidity of these companies.

The restrictions on mobility also impacted companies that rely on the collection of cheques as a settlement method, and have been unable to deposit cheques in banks over the past weeks. The inability to obtain account statements and remittance receipts from banks contributed to creating discrepancies between companies and bank statements. The full lockdown put pressure on treasury departments in investment companies in terms of working remotely with regard to transferring funds via SWIFT. In addition, investment companies may be exposed to some risks that affect their business in light of mobility restrictions, such as the inability to access the data center and servers in the event of any electrical failure or in the programs used, which will make it difficult for employees to access computers remotely.

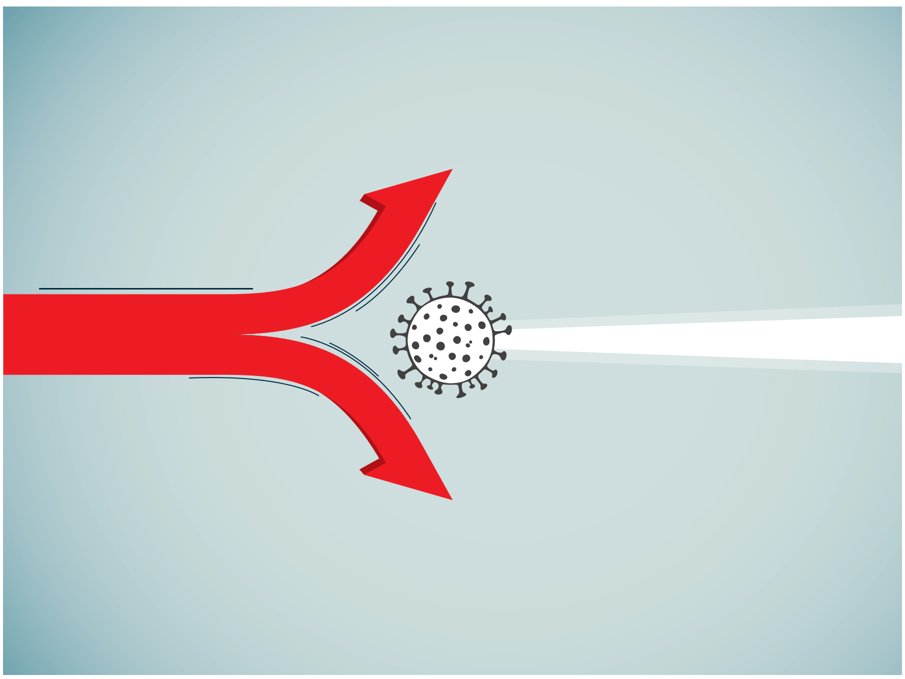
As for banks, banking services came to a standstill due to the total lockdown, with the exception of online services. Although many companies quickly shifted to electronic services, exposing many of them to the risk of cyberattacks, a significant number of marginal laborers have been unable to benefit from online services since they lack access. In terms of banks, as they operate within strict protocols and restrictions related to confidentiality, the majority of bank employees have not been able to carry out their duties from home, resulting in a halt of many banking activities related to credit, cheque deposits, and transfers that require client presence. However, with more restrictions eased, markets are expected to rebound and rebalance.

In accordance with the five-phase comeback plan, investment companies will be allowed to operate in the second phase, which will limit the role of the financial sector in supporting national economic activities. The activation of the second phase is dependent on the success of the first phase, which means that the current halt can be extended to this sector, and it will represent a crisis for business continuity in the country. There is also a challenge facing the financial sector as a whole in relation to information technology, due to the fact that if, for any reason, access to the database servers is lost, working remotely is no longer an option.

INFORMED OPINION

Markaz: GCC M&A transactions drop in Q1 2020 by 51% from Q4 2019 due to Covid-19 outbreak

The financials, IT and industrials sectors witnessed the highest number of transactions.



The UAE's logistics sector leads the top GCC M&A transactions during Q1 2020, as per a report recently issued by the Investment Banking Department at Markaz. Port & Free Zone World has announced its intention to acquire a 20% stake in a fellow logistics company DP World for a total consideration of $2.7 billion. It is worth noting that the firm currently holds 80% of DP World's existing share capital.

The second-largest transaction was taken on by Qatar Petroleum, who acquired a 25% stake in Qatar Fertiliser Company for a total consideration of $1.0 billion. The next two transactions involved UAE buyers, both of whom fully acquired local companies. The first transaction oversaw Gulf Capital acquire 100% of IVI-RMA Middle East for a total value of $100 million. IVI-RMA Middle East is the fastest-growing provider of fertility treatment services in the Middle East. The second transaction involved Mastek Arabia fully acquiring the Middle Eastern arm of Evolutionary Systems Arabia, an IT-focused consulting firm, for a total consideration of $65 million. Finally, Jazan Energy & Development Company ("Jazan") announced that it has merged its international aquaculture unit with three local aquaculture companies. Under the terms of this deal, Jazan will own a 45% stake worth $60 million in Advanced Aquaculture Company (the merged entity).

The UAE's logistics sector leads GCC M&A in Q1, where Port & Free Zone World announced a 20% stake in logistics company DP World for $2.7 billion

GCC M&A growth

According to Markaz's report, the number of closed M&A transactions in the GCC during Q1 2020 decreased by 51% relative to Q4 2019, and by 52% relative to Q1 2019. None of the GCC countries recorded a growth in the number of closed transactions relative to the previous quarter. It is worth noting that the GCC economy experienced a significant slowdown due to the global Covid-19 outbreak and the uncertainty the pandemic has caused. As such, this has significantly impacted the level of M&A activity throughout the quarter.

Acquirers and targets

A majority of the transactions completed during Q1 2020 and Q4 2019 were carried out by GCC acquirers. Of the total number of transactions closed during Q1 2020, GCC acquirers accounted for 92% while foreign acquirers accounted for 4%. The remaining 4% represents transactions for which the buyer information was not available. The market witnessed a similar pattern during the previous quarter in Q4 2019 as GCC acquirers accounted for 71% of the total number of closed transactions while foreign acquirers accounted for 24%.

Overall, a majority of the GCC acquirers preferred acquiring local or GCC companies as opposed to acquiring foreign targets. The UAE, Kuwait and Saudi Arabia were the most active players in terms of local activity while the remaining acquirers each closed one transaction in their home countries. In addition, the UAE surpassed its GCC counterparts and reported seven closed transactions that involved foreign targets whereas Bahrain, Kuwait and Saudi Arabia closed one transaction each. Lastly, neither Oman nor Qatar closed any transactions involving foreign targets.

Foreign buyers

In comparison to the previous quarter, the market attracted a significantly lower level of interest from foreign buyers, which again is in large part related to the global slowdown. Overall, there was only one transaction that closed that involved a foreign buyer, which is 92% lower relative to Q4 2019 and a decrease of 94% relative to Q1 2019. The one transaction that closed oversaw the Spanish company, Aqualia, acquire a 51% stake in Qatarat Saqia Desalination Company Ltd. for an undisclosed amount.

Top 5 M&A deals by reported value* - Q1 2020

Target company	Target country	Buyer	Buyer country	% sought	Value (USD mn)	Status
DP World	UAE	Port & Free Zone World	UAE	20	2,718	Announced
Qatar Fertiliser Company	Qatar	Qatar Petroleum	Qatar	25	1,000	Closed
IVI-RMA Middle East	UAE	Gulf Capital	UAE	100	100	Closed
Evolutionary Systems Arabia (Middle Eastern Business)	UAE	Mastek Arabia	UAE	100	65	Closed
Advanced Aquaculture Company	KSA	Jazan Energy & Development Company	KSA	45	60	Closed

Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis
*Top deals were chosen based on transactions, which had all the necessary information provided.

Number of closed GCC M&A transactions

Country	Q1 '20	Q4 '19	Q1 '19	% Change* (Q4 '19)	% Change* (Q1 '19)
Bahrain	2	3	0	-33%	N/A
Kuwait	3	11	16	-73%	-81%
Oman	1	3	1	-67%	0%
Qatar	1	0	1	N/A	0%
Saudi Arabia	5	10	13	-50%	-62%
United Arab Emirates	12	22	19	-45%	-37%
Total	**24**	**49**	**50**	**-51%**	**-52%**

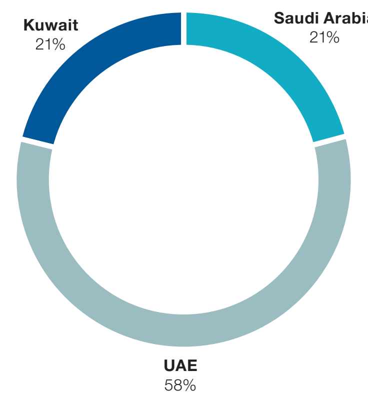
Source: S&P Capital IQ, GCC Stock Exchanges, Local Newspapers, Markaz Analysis
* % changes are in comparison to Q1 2020.

Sector-wise classification of deals - Q1 2020

Sector	GCC acquirers	Foreign acquirers	Other*	Grand total	%
Financials	3	0	1	4	17
Information technology	4	0	0	4	17
Industrials	3	0	0	3	13
Consumer staples	2	0	0	2	8
Healthcare	2	0	0	2	8
Media	2	0	0	2	8
Real estate	2	0	0	2	8
Aviation	1	0	0	1	4
Construction	1	0	0	1	4
Education	1	0	0	1	4
Telecommunications services	1	0	0	1	4
Utilities	0	1	0	1	4
Grand total	**22**	**1**	**1**	**24**	**100**

*Other refers to deals where buyer information is not available.

Geographical distribution by number of
Announced pipeline transactions (Q1 2020)



In comparison to Q4 2019, the market attracted significantly lower interest from foreign buyers, which is in large part due to the global slowdown

Sectorial view

The transactions that closed throughout the quarter spanned across multiple sectors where activity was observed in the previous quarter as well. With that being said, the sectors that witnessed the greatest level of activity throughout Q1 2020 were the financials, information technology, and industrials sector. These three sectors collectively accounted for almost 50% of the total transactions closed throughout the quarter. Lastly, the quarter recorded activity in three new sectors – aviation, construction, and telecommunication services.

Deals pipeline

By the end of Q1 2020, there was a total of 14 announced transactions in the pipeline, which was the same as the previous quarter. Roughly 58% of these transactions involved UAE targets while the remaining portion equally involved both Kuwaiti and Saudi targets. Neither Bahrain, Oman nor Qatar had announced any transactions throughout the quarter.

INFORMED OPINION

Covid-19 countermeasures weigh on GCC asset classes; easing of restrictions paves way to recovery

By: Aparna Srinivasan, Analyst, Marmore MENA Intelligence

Covid-19 has rendered economic outlook and companies' performance projections for 2020 meaningless in a single stroke. Heightened uncertainty has become an everyday reality in current times. As the coronavirus scare continues, the world is faced with multidimensional issues and tough questions, be it finding an effective treatment for the virus, zeroing in on an optimal quantum of stimulus or deciding the right time to lift lockdowns. With measures like social distancing and lockdowns affecting day-to-day lives of people, asset classes are feeling the heat too.

Equities

As one of the quickest asset classes to price in developments, equities have seen a huge slump. The spread of the virus and associated lockdowns have affected production, supply chains and demand across countries and sectors. Travel restrictions and lockdowns across the world have hurt oil demand. While oil demand for 2020 is expected to drop by 10.8 million barrels per day (bpd), the demand for jet fuel is expected to drop by 2.4 million bpd, and the demand for road fuel is expected to drop by 5.3 million bpd.[4] This demand destruction pushed oil prices to historical lows.

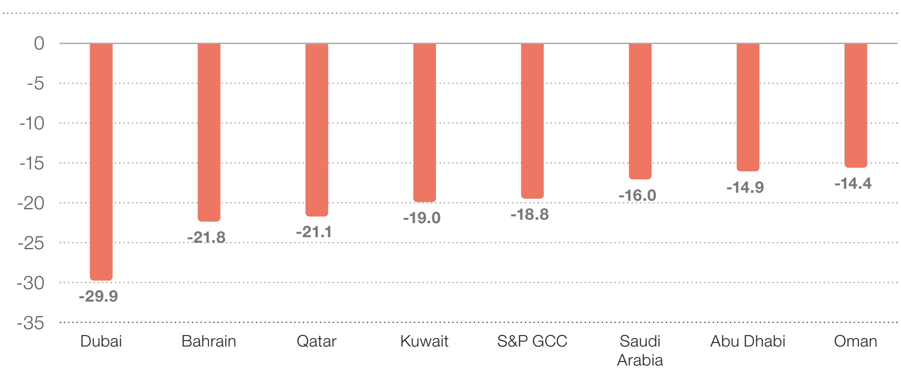
For the GCC, these lower oil prices add to the impact of coronavirus. In addition to affecting the oil-based sectors, low oil prices would cause government revenues to fall and, in turn, reduce government spending on the non-oil sector. These factors precipitated fears about economic growth in general and corporate earnings in particular, pushing stock prices down. Of the GCC countries, Dubai is most at risk with 32% of its GDP coming from sectors affected by social distancing.[5] This has reflected in its equity performance too.

Social distancing and lockdowns have affected almost all sectors, the difference being only in the degree of impact. Travel and tourism and energy have taken a direct hit because of the travel restrictions and postponement of events. The possibility of a spike in infections as lockdowns ease poses a risk for these sectors. With credit exposure to multiple sectors, banking would be considerably impacted by probable deterioration in asset quality and measures like deferment of loan repayments. On the other hand, consumer non-cyclicals appears as a bright spot for companies involved in essentials such as food processing amongst other sectors.

Before the virus' onset, the market valuations in the GCC had recovered from 2016 lows.[6] The P/E ratio of the GCC price return index fell from a value of 14.4 as of 1 January, 2020, to 10.8 in mid-march, on the back of market-wide sell-off due to Covid-19. However, the stimulus measures by GCC central banks and governments and plans to ease lockdown have caused an uptick in stock prices, and in turn, in valuation. While the current P/E ratio at 13.04[7] remains slightly

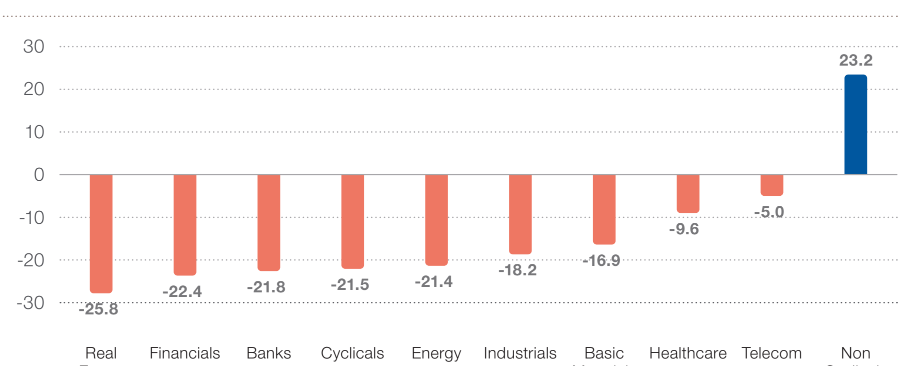
As the impact of Covid-19 on corporate earnings remains grim and uncertain, it remains to be seen if P/E valuations can sustain at current levels

Year to date performance of GCC markets (%)



Source: Refinitiv. Data as on 12th May 2020.

Year to date performance of GCC sectors (%)



Source: Refinitiv. Note: Data as of 24th May 2020. Cyclicals includes Hospitality, Tourism; Basic Materials includes Construction; Industrials includes Aviation, Logistics. Non-cyclicals include food processing etc.

lower than the value at the beginning of the year, it is based on the healthier corporate earnings of the last 12 months. As the impact of Covid-19 on underlying corporate earnings picture continues to remain grim and uncertain, it remains to be seen if the valuations could sustain at current levels.

Concerns of limited policy space to cushion the Covid-19 impact and the economic slowdown increase foreign capital outflows, contributing to the fall in equity markets. For example, in March 2020, foreign equity outflows from Saudi Arabia amounted to USD 722 million.[8]

Bonds and Sukuk

While preference for bonds over equities in uncertain times and interest rate cuts by central banks of countries

Bond yields for GCC countries have narrowed recently, supported by improvement in oil prices and the introduction of austerity measures

are support factors for bonds in general, credit strength and perception of risk associated with each borrower would determine the demand for their bonds.

For example, considered as a strong borrower, the U.S 10-year Treasury yield has dropped from 1.88% on 1st January 2020 to 0.69% on 12th May 2020. In the GCC, the oil price crash has increased the perception of the region's credit risk. This had reflected in the widening of 5-year CDS spreads and fall in prices of sovereign bonds in mid-March.

Bond yields for GCC countries have narrowed recently, supported by improvement in oil prices and the introduction of austerity measures. For Bahrain and Oman, yields remain above 2019 levels because of concerns over their weak fiscal positions. Further yield movements would hinge on recovery in oil prices and governments' implementation of austerity measures. A favourable outcome of these factors would improve the GCC countries' fiscal position and credit strength.

As revenue declines on the back of the fall in oil prices, debt maturities add to financial concerns. For example, by the end of 2020, Dubai and its government-linked firms face USD 9.2 billion of debt repayment.[9] The table below showcases the upcoming bond PG 26

5-year CDS spreads (in bps)

Sector	Current	19th March 2020	2019
Saudi Arabia	144.3	232.4	58.5
Abu-Dhabi	96.1	155.0	34.8
Dubai	234.3	324.6	91.0
Kuwait	84.0	84.0	46.7
Qatar	99.3	181.0	36.8
Oman	359.5	637.0	266.0
Bahrain	480.4	496.3	167.1

Source: Refinitiv. Note: Bahrain's CDS reached a high of 508 in the first week of May.

Bond redemption (all currency) in 2020-22 (USD billion)

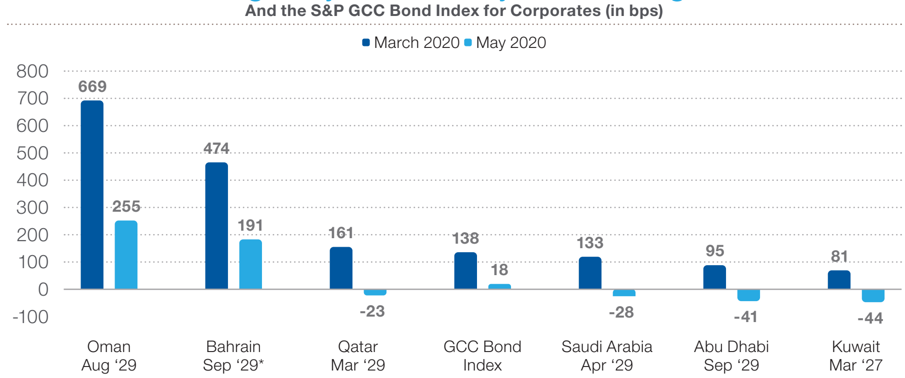
KSA	2020	2021	2022	Total
Government	11.28	6.36	16.65	34.28
Financial corporates	0.67	0.00	0.50	1.17
Non-financial corporates	1.11	0.57	8.34	10.02
Total	**13.06**	**6.92**	**10.02**	**45.47**

UAE	2020	2021	2022	Total
Government	0.75	3.64	3.65	8.04
Financial corporates	10.28	11.61	12.97	34.86
Non-financial corporates	3.07	6.52	0.28	9.86
Total	**14.10**	**21.76**	**16.90**	**52.76**

Source: IIF

YTD change in yields of 10-year sovereign bonds

And the S&P GCC Bond Index for Corporates (in bps)



Source: Refinitiv, S&P. Note: Bahrain - 12-year bond; Dates: 19th March 2020; 24th May 2020

Covid-19 implications on real estate asset class

Category	Government
Residential	Job losses and furloughs might lead to reduced income, affecting real estate purchase plans and ability to pay rents. For non-nationals, job losses might result in their repatriation. This would affect demand for real estate.
Commercial (office & retail)	Social Distancing and lockdowns have caused the closure of malls, offices and other commercial spaces. Rent deferral or freeze might weigh on landlords' revenues, rental yields and erode credit quality. Expansion plans might also be postponed. Trends sparked by Covid-19 like work from home at scale and increased online shopping might impact demand for office and retail spaces in the long run.
Industrial	Demand for industrial space may be muted until end-user demand for products picks up.
Logistics & warehousing	The fillip to e-Commerce from lockdowns might translate to higher demand for logistics- warehousing space.
Hospitality	Travel restrictions would affect occupancy rates in the segment.

Source: Marmore Research

INFORMED OPINION

CONTINUED FROM PG 25

Covid-19 weigh on GCC asset classes

repayments for Saudi Arabia and the UAE.

Low oil prices and stimulus measures to handle Covid-19 have brought GCC governments' fiscal position under pressure, necessitating borrowing. This might increase sovereign issuances.

Investment-grade corporate bonds yields have widened by a smaller margin than sovereigns like Bahrain, which has a lower credit rating compared to their peers. While investment-grade corporate bonds might continue to be viewed favourably, fear of defaults might drive investor exit from high-yield bonds. For example, while the S&P GCC Sukuk Index yield has narrowed by 24 bps, S&P GCC High Yield Sukuk Index's yield has widened by 198 bps.[10]

Real Estate

The spread of the virus, lockdowns and job losses might lead to decreased demand for the real estate sector in the near term. In countries like the UAE, where oversupply had been a concern before the virus outbreak, the impact might be compounded.

Given the magnitude of the global humanitarian challenge and the end of pandemic nowhere in sight, the asset classes might take time to recover. The actual bottoming out of the pandemic or an effective vaccine would provide the much-needed optimism and boost for the markets. However, the recent relaxation of lockdowns with governments calling for learning to live with Covid-19 by implementing safety measures might be favorable in the near term. When the crisis does bottom out, government measures and credit conditions would support recovery.

[4] Rystad Energy
[5] MUFG
[6] P/E ratio of GCC Price Return Index: 1st January 2020 - 14.4; 2016; 21st January 2016-9.1
[7] As of 24th May 2020
[8] Preliminary Data from IIF
[9] Capital Economics
[10] As on 21st May 2020

MARKAZ FAMILY

Markaz: "Safety will be our shared number one priority"

Markaz Develops #SafeReturn to Work Guidelines.

Inline with its ongoing commitment to its people, Markaz issued its very own #SafeReturn to Work guidelines that cover every aspect of safety and precautiuon required to ensure a seamless return to work for all its staff members.

The guidelines covered first and foremost the the Risk Assesment mechanism, whereby a 'Staff Information Form Checklist' was been sent to all employees to assess the level of risk and vulnerability towards the outbreak and those in their care. Staff in vulnerable age groups, who are suffering from blood pressure, heart, diabetes, liver, kidney problems, or who have asthma or any chronic condition, or who are pregnant, are not allowed to return to the office during the first phases of work resumption. Similarly, staff are being asked to self-monitor, on a continuous basis, their contacts and risks with regard to infection. A guide to symptoms is also provided at the end of the #SafeReturn Guidelines, with clear instructions on what to do if and employee, or anyone in their family, show any symptoms of Covid-19, or come into contact with anyone who has such symptoms.

The document also covers a clear overview on the governments phased return plan, based on which Markaz will gradually integrate its employees into the day to day operations, until the company can reutn to full capacity. Building Access is also a key element the guideline document covers, where 'Markaz' has arranged for a 'ONE WAY' entry and exit system to their premises; whereby a specific route has been identified and mapped out for all staff members to follow.

Social Distancing remains a key focus for 'Markaz' employees and management, and in line with reinforcing this concept, communication will be heavily fortified through technology, posing a 'paperless' internal system to minimize contact to the highest degree possible.

'Monitoring and Reporting' guidelines were also carefully drawnout throughout the #SafeReturn Guide, where a clear protocol has been outlined and put in place to ensure any suspected Covid-19 cases are dealt with immediately and while posing minimal risk to others. A 'Self-Assessment Guide' was also included, raising awareness of all potential symptoms each individul should be conscious of, to ensure everyone plays a role in combating the spread of the virus within the premises of the company.

Download

MGDP continues despite Covid-19 lockdown

Markaz's Graduate Development Program (MGDP) has been running successfully for 4 years, but 2020 presented its first really critical challenge - the closure of our offices in March owing to Covid-19.

Our trainees spend a year with the firm, and the regular schedule starts in February with orientation across all areas of business and the enabling functions. That typically would lead, from April onwards, into a blend of technical and personal skills training, setting the grads up for the most valuable phase of the scheme - an uninterrupted 9-month real work experience aligned to each participant's qualifications and future career interest. Real work, in real teams, to ensure real learning.

Then along came Covid-19. No office. No placements. No training.

We've since learned that this situation froze many other similar graduate programs with major employers in Kuwait, who variously had to either suspend activity, losing valuable time, or even cancel their program altogether for this year.

That was a challenge that Human Resources at Markaz was determined to overcome. The HR team including, Bibi Maqames, herself a graduate of the very first MGDP, and now an HR Officer with direct operational responsibility for the graduates, along with Safwat Samir, VP Learning & Development and Ahmad Ali, AVP, put their heads together to quickly restructure the MGDP, and adapt Markaz's template to the new business reality of continuing to be effective through Covid. That, after all, has been the Markaz spirit, seamlessly supporting our clients and stakeholders in a difficult moment.

Moving quickly, HR evaluated the impact of office closure on the program, and agilely rearranged and substituted program elements. Their goals? To preserve the learning and experience promised to our trainees and to make good on Markaz's investment in their future. In short, 'to deliver, come what may'!

The changes were implemented within existing budgets, and the MGDP was rescued, perhaps with an even improved scope, quality and intensity of learning. How did they do it?

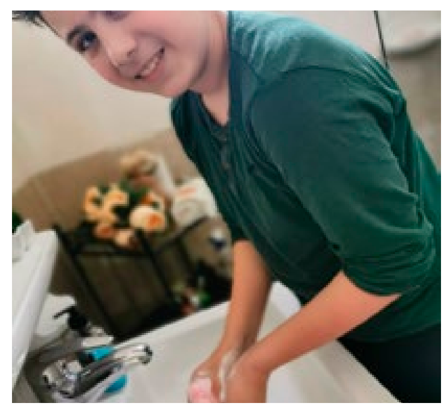
- They continuously engaged trainees on a weekly series of online courses, of between 3-5 days per topic, and this continues even now, right through until the end of August.
- With the support of our external training partners, they converted all planned classroom sessions into their e-learning equivalents, and added select technical and professional learning.
- They sourced and frontloaded this online learning into the first-half of the program year to compensate for the delayed start to the critically-important department placements.
- As Markaz gradually returned to office working from June 30th, placements are now being made, not waiting for the full opening anticipated at the end of August, but connecting as practically soon as possible through remote working.
- And to make this work, the team then turned its attention to Markaz permanent staff who are the natural workplace coaches to the trainees - the HR team is arranging an online learning for each of them also, to reinforce their skills in developing others before matching them up with individual graduates.

So, that's how the MGDP was saved, and feedback from the trainees and from our learning providers as regards energy, participation and development, has been super-positive!

Markaz takes up WHO's #SafeHands challenge amid crisis

The campaign was held as part of the annual Hand Hygiene Day.

Markaz joined the World Health Organization's social media campaign titled, #SafeHands, by calling on its employees and their families to follow hygienic hand washing practices to prevent the spread of Covid-19. The campaign was held as part of Hand Hygiene Day, which is celebrated May 5 every year, and aimed to promote the importance of handwashing and personal hygiene. Markaz staff and their loved ones enthusiastically took up the challenge and shared photos.



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